



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do **NOT** use for expedited rule making

Agency: Department of Retirement Systems

- ☒ **Preproposal Statement of Inquiry was filed as WSR 04-20-010 ; or**
☐ **Expedited Rule Making--Proposed notice was filed as WSR _____; or**
☐ **Proposal is exempt under RCW 34.05.310(4).**

- ☒ **Original Notice**
☐ **Supplemental Notice to WSR _____**
☐ **Continuance of WSR _____**

Title of rule and other identifying information: (Describe Subject)

WAC 415-104-111, How does the department calculate the retirement allowance of a LEOFF Plan 2 member who retires, re-enters employment, and then either retires or separates employment again?

WAC 415-108-830, How does the department calculate the retirement allowance of a PERS Plan 2 or Plan 3 member who retires, re-enters PERS membership, and then retires again?

WAC 415-112-544, How does the department calculate the retirement allowance of a TRS Plan 2 or Plan 3 member who retires, re-enters TRS membership, and then retires again?

WAC 415-110-830, How does the department calculate the retirement allowance of a SERS Plan 2 or Plan 3 member who retires, re-enters SERS membership, and then retires again?

REPEAL WAC 415-112-840, Actuarial recomputation of retirement allowance upon retirement following reemployment.

Hearing location(s):

Department of Retirement Systems
 6835 Capitol Blvd.; Conference Room 115
 Tumwater, Washington

Date: May 12, 2005 Time: 9:30

Date of intended adoption: May 13, 2005
 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Leslie L. Saeger, Rules Coordinator
 Department of Retirement Systems
 P.O. Box 48380; Olympia, WA. 98504-8380
 Email: leslies@drs.wa.gov
 Fax: (360) 753-3166 by 5:00 p.m. on May 12, 2005

Assistance for persons with disabilities: Contact
 Leslie L. Saeger, Rules Coordinator by May 2, 2005
 TDD (360) 664-7291 TTY (360) 586-5450
 Phone (360) 664-7291

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

These rules are being amended to delete obsolete provisions, correct statutory citations, and rewrite in approved style.

WAC 415-112-840 is being repealed and the amended version will be adopted as WAC 415-112-544. This is being done to improve the organization and accessibility of rules in the Teachers' Retirement System chapter.

Reasons supporting proposal:

Statutory authority for adoption: See Attachment 1

Statute being implemented: See Attachment 1

Is rule necessary because of a:

Federal Law? ☐ Yes ☒ No
 Federal Court Decision? ☐ Yes ☒ No
 State Court Decision? ☐ Yes ☒ No
 If yes, CITATION:

DATE 3/30/05

NAME Leslie L. Saeger

SIGNATURE

TITLE Rules and Contracts Coordinator

CODE REVISER USE ONLY

Filed with the Office of the Code Reviser

March 30, 2005

WSR 05-08-033

(COMPLETE REVERSE SIDE)

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization)

Department of Retirement Systems

☐ Private

☐ Public

☒ Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting.....	Leslie Saeger	PO Box 48380, Olympia, WA 98504-8380	(360) 664-7291
Implementation....	Dorothy Bailey	PO Box 48380, Olympia, WA 98504-8380	(360) 664-7291
Enforcement.....	Dorothy Bailey	PO Box 48380, Olympia, WA 98504-8380	(360) 664-7291

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☐ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No. Explain why no statement was prepared.

These rules have no effect on businesses.

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No: Please explain:

The Department of Retirement Systems is not one of the named departments in this section (RCW 34.05.328)

ATTACHMENT 1

Statutory authority for adoption:

WAC 415-104-111	RCW 41.50.050(5), 41.26.500
WAC 415-108-830	RCW 41.50.050(5), 41.40.690, 41.40.850
WAC 415-110-830	RCW 41.50.050(5), 41.35.230
WAC 415-112-544	RCW 41.50.050(5), 41.32.800, 41.32.860

Statute being implemented:

WAC 415-104-111	RCW 41.26.500	
WAC 415-108-830	RCW 41.40.690, 41.40.850, 41.40.037	
WAC 415-110-830	RCW 41.35.230, 41.35.060	
WAC 415-112-544	RCW 41.32.800, 41.32.802, 41.32.860, 41.32.862	

AMENDATORY SECTION (Amending WSR 02-14-072, filed 6/28/02, effective 7/29/02)

WAC 415-104-111 (~~(Actuarial recomputation of retirement allowance upon retirement following reemployment.)~~) How does the department calculate the retirement allowance of a LEOFF Plan 2 member who retires, reenters employment, and then either retires or separates employment again? (~~((1) The purpose of this rule is to establish))~~ This rule establishes a method to actuarially recompute ((the)) your retirement allowance ((of)) if you are a Plan 2 member who retires, reenters employment causing ((his or her)) your retirement allowance to be suspended, and then either retires or separates employment again. (~~((The actuarially recomputed retirement allowance shall:~~

~~(a) Include service credit the member earned following reestablishment of membership if any; and~~

~~(b) Account for the actuarial reduction applied to the member's initial retirement if the member initially retired prior to age fifty-three.~~

~~(2) If a Plan 2 retiree reenters membership, upon the individual's next retirement, the department shall reinstate and actuarially recompute the individual's retirement allowance pursuant to RCW 41.26.500 as follows:))~~ (1) If you return to employment in a LEOFF eligible position, you must reenter membership.

~~(a) If ((the member first)) you previously retired before age fifty-three, the department ((shall)) will:~~

~~(i) Calculate ((the)) your retirement allowance pursuant to RCW 41.26.420 using ((the retiree's)):~~

~~(A) Your total years of career service, including service earned prior to your initial retirement and service earned after reentering membership; and~~

~~(B) Any increase in your final average salary resulting from your reentry into membership; and~~

~~(ii) Actuarially reduce ((the member's)) your retirement allowance:~~

~~(A) Based on the present value of the retirement allowance payments ((the individual)) you received during ((the)) your initial retirement; ((and~~

~~(iii) Calculate any survivor option selected by the retiree based upon the monthly retirement allowance calculated pursuant to (a)(i) and (ii) of this subsection.))~~ (B) To reflect the difference in the number of years between your current age and the attainment of age fifty-three, if applicable; and

(C) To offset the cost of your benefit option if it includes a survivor feature. See WAC 415-104-215.

(b) If ~~((the member initially))~~ you previously retired at or after age fifty-three, the department ~~((shall))~~ will recompute ~~((the member's))~~ your retirement allowance pursuant to RCW ~~((41.26.500))~~ 41.26.420 and include any additional service credit you earned and any ~~((applicable))~~ increase in ~~((the member's))~~ your final average ~~((final compensation))~~ salary resulting from ~~((the member's))~~ your reentry into membership. The department will actuarially reduce your retirement allowance to offset the cost of your benefit option if it includes a survivor feature. See WAC 415-104-215.

(c) Under no circumstances ~~((shall a retiree))~~ will you receive a retirement allowance creditable to a month during which ~~((that individual))~~ you earned service credit.

~~((3) If a retiree's retirement allowance is suspended under RCW 41.26.500 due to reemployment but the retiree does not reenter membership, upon the retiree's separation from such employment, the retiree shall receive an actuarially recomputed retirement allowance equal to the sum of:~~

~~((a) The amount of the monthly suspended retirement allowance; plus~~

~~((b) An actuarially computed increase based upon the retirement allowance payment the member did not receive due to reemployment. The retiree may elect to receive the actuarially computed increase in either:~~

~~((i) An amount amortized over the expected term of the recomputed retirement allowance; or~~

~~((ii) A lump sum payment equal to the suspended retirement allowance plus interest.))~~ (2) If you enter employment in a PERS, TRS or SERS eligible position, whether or not you enter PERS, TRS or SERS membership, your LEOFF retirement allowance will be suspended under RCW 41.26.500. Upon separation from such employment, your suspended retirement allowance will be reinstated. In addition, you may choose to have the total monthly retirement payments you would have received had you not reentered employment, plus interest, either:

(a) In a lump sum; or

(b) Actuarially computed in your retirement allowance.

AMENDATORY SECTION (Amending WSR 02-03-120, filed 1/23/02, effective 3/1/02)

WAC 415-108-830 ~~((Actuarial recomputation of a Plan 2 or Plan 3 retirement allowance upon retirement following reemployment.))~~ How does the department calculate the retirement allowance of a PERS Plan 2 or Plan 3 member who retires, reenters PERS membership, and then retires again? ~~((+1))~~ This rule establishes a method to actuarially recompute ~~((the))~~ your defined benefit retirement allowance ~~((of))~~ if you are a Plan 2 or Plan 3 member who retires, reenters ~~((employment))~~ PERS membership causing ~~((the))~~ your retirement allowance to ~~((be suspended))~~ stop, and then retires again. ~~((The actuarially recomputed retirement allowance shall:~~

~~((a) Include service credit the member earned following reestablishment of membership if any; and~~

~~((b) Account for the actuarial reduction applied to the member's initial retirement if the member initially retired prior to age sixty-five.~~

~~((2) If a Plan 2 or Plan 3 retiree reenters membership, upon the individual's next retirement, the department shall reinstate and actuarially recompute the individual's retirement allowance pursuant to RCW 41.40.690 as follows:~~

~~((a))~~ (1) If ~~((the member first))~~ you previously retired before age sixty-five, the department ~~((shall))~~ will:

~~((+i) Calculate the))~~ (a) Recompute your retirement allowance pursuant to RCW 41.40.620 (Plan 2) or 41.40.790 (Plan 3) using ~~((the retiree's))~~:

(i) Your total years of career service, including service earned prior to your initial retirement and service earned after reentering membership; and

(ii) Any increase in your average final compensation resulting from your reentry into membership; and

(b) Actuarially reduce ~~((the member's))~~ your retirement allowance:

(i) Based on the present value of the retirement allowance payments ~~((the individual))~~ you received during ~~((the))~~ your initial retirement; ~~((and))~~

(ii) To reflect the difference in the number of years between your current age and the attainment of age sixty-five, if applicable; and

(iii) ~~((Calculate any survivor option selected by the retiree based upon the monthly retirement allowance calculated pursuant to (a)(i) and (ii) of this subsection.~~

~~(b))~~ To offset the cost of your benefit option if it includes a survivor feature. See WAC 415-108-326.

(2) If ~~((the member initially))~~ you previously retired at or after age sixty-five, the department ~~((shall))~~ will recompute ~~((the member's))~~ your retirement allowance pursuant to RCW 41.40.620 (Plan 2) or 41.40.790 (Plan 3) and include any additional service credit you earned and any ~~((applicable))~~ increase in ~~((the member's))~~ your average final compensation resulting from ~~((the member's))~~ your reentry into membership. The department will actuarially reduce your retirement allowance to offset the cost of your benefit option if it includes a survivor feature. See WAC 415-108-326.

(3) Under no circumstances ~~((shall a retiree))~~ will you receive a retirement allowance creditable to a month during which ~~((that individual))~~ you earned service credit.

~~((3) If a Plan 2 or Plan 3 retiree's retirement allowance is suspended under RCW 41.40.690 or 41.40.850 due to reemployment but the retiree does not reenter membership, upon the retiree's separation from such employment, the retiree shall receive an actuarially recomputed retirement allowance equal to the sum of:~~

~~(a) The amount of the monthly suspended retirement allowance; plus~~

~~(b) An actuarially computed increase based upon the retirement allowance payments the member did not receive due to reemployment. The retiree may elect to receive the actuarially computed increase in either:~~

~~(i) An amount amortized over the expected term of the recomputed retirement allowance; or~~

~~(ii) A lump sum payment equal to the suspended retirement allowance plus interest.))~~

AMENDATORY SECTION (Amending WSR 01-01-059, filed 12/12/00, effective 1/12/01)

WAC 415-110-830 ~~((Actuarial recomputation of retirement allowance upon retirement following reemployment.))~~ How does the department calculate the retirement allowance of a SERS Plan 2 or Plan 3 member who retires, reenters SERS membership, and then retires again? ~~((1) The purpose of))~~ This rule ~~((is to establish))~~

establishes a method to actuarially recompute ~~((the))~~ your defined benefit retirement allowance ~~((of))~~ if you are a Plan 2 or Plan 3 member ~~((or the defined benefit retirement allowance of a Plan 3 member))~~ who retires, reenters ~~((employment causing his or her))~~ SERS membership causing your retirement allowance to ~~((be suspended))~~ stop, and then retires again. ~~((The actuarially recomputed retirement allowance shall:~~

~~((a) Include service credit the member earned following reestablishment of membership if any; and~~

~~((b) Account for the actuarial reduction applied to the member's initial retirement if the member initially retired prior to age sixty-five.~~

~~((2) If a Plan 2 or Plan 3 retiree reenters membership, upon the individual's next retirement, the department shall reinstate and actuarially recompute the individual's retirement allowance pursuant to RCW 41.35.230 (Plan 2) or RCW 41.35.640 (Plan 3) as follows:~~

~~((a)))~~ (1) If ~~((the member first))~~ you previously retired before age sixty-five, the department ~~((shall))~~ will:

~~((i))~~ Calculate the ~~((a))~~ Recompute your retirement allowance pursuant to RCW 41.35.400 (Plan 2) or RCW 41.35.620 (Plan 3) using ~~((the retiree's))~~:

(i) Your total years of career service, including service earned prior to your initial retirement and service earned after reentering membership; and

(ii) Any increase in your average final compensation resulting from your reentry into membership; and

(b) Actuarially reduce ~~((the member's))~~ your retirement allowance:

(i) Based on the present value of the retirement allowance payments ~~((the individual))~~ you received during ~~((the))~~ your initial retirement; and

(ii) To reflect the difference in the number of years between your current age and the attainment of age sixty-five, if applicable; and

~~((iii))~~ ~~((Calculate any survivor option selected by the~~

~~retiree based upon the monthly retirement allowance calculated pursuant to (a)(i) and (ii) of this subsection.~~

~~(b)) To offset the cost of your benefit option if it includes a survivor feature. See WAC 415-110-326.~~

~~(2) If ((the member initially)) **you previously retired at or after age sixty-five**, the department ((shall)) will recompute ((the member's)) your retirement allowance pursuant to RCW 41.35.400 (Plan 2) or RCW 41.35.620 (Plan 3) and include any additional service credit you earned and any ((applicable)) increase in ((the member's)) your average final compensation resulting from ((the member's)) your reentry into membership. The department will actuarially reduce your retirement allowance to offset the cost of your benefit option if it includes a survivor feature. See WAC 415-110-326.~~

~~(3) Under no circumstances ((shall a retiree)) will you receive a retirement allowance creditable to a month during which ((that individual)) you earned service credit.~~

~~((3) If a retiree's retirement allowance is suspended under RCW 41.35.450 or 41.35.640 due to reemployment but the retiree does not reenter membership, upon the retiree's separation from such employment, the retiree shall receive an actuarially recomputed retirement allowance equal to the sum of:~~

~~(a) The amount of the monthly suspended retirement allowance; plus~~

~~(b) An actuarially computed increase based upon the retirement allowance payments the member did not receive due to reemployment. The retiree may elect to receive the actuarially computed increase in either:~~

~~(i) An amount amortized over the expected term of the recomputed retirement allowance; or~~

~~(ii) A lump sum payment equal to the suspended retirement allowance plus interest.))~~

NEW SECTION

WAC 415-112-544 How does the department calculate the retirement allowance of a TRS Plan 2 or Plan 3 member who retires, reenters TRS membership, and then retires again? This rule establishes a method to actuarially recompute your defined benefit retirement allowance if you are a Plan 2 or Plan 3 member who retires, reenters TRS membership causing your retirement allowance to stop, and then retires again.

(1) **If you previously retired before age sixty-five**, the department will:

(a) Recompute your retirement allowance pursuant to RCW 41.32.760 (Plan 2) or 41.32.840 (Plan 3) using:

(i) Your total years of career service, including service earned prior to your initial retirement and service earned after reentering membership; and

(ii) Any increase in your average final compensation resulting from your reentry into membership; and

(b) Actuarially reduce your retirement allowance:

(i) Based on the present value of the retirement allowance payments you received during your initial retirement;

(ii) To reflect the difference in the number of years between your current age and the attainment of age sixty-five, if applicable; and

(iii) To offset the cost of your benefit option if it includes a survivor feature. See WAC 415-112-493.

(2) **If you previously retired at or after age sixty-five**, the department will recompute your retirement allowance pursuant to RCW 41.32.760 (Plan 2) or 41.32.840 (Plan 3) and include any additional service credit you earned and any increase in your average final compensation resulting from your reentry into membership. The department will actuarially reduce your retirement allowance to offset the cost of your benefit option if it includes a survivor feature. See WAC 415-112-493.

(3) Under no circumstances will you receive a retirement allowance creditable to a month during which you earned service credit.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 415-112-840

Actuarial recomputation of
retirement allowance upon
retirement following reemployment.